

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 8134**

**BILL NUMBER:** HB 1969

**DATE PREPARED:** Mar 3, 1999

**BILL AMENDED:** Mar 3, 1999

**SUBJECT:** Consolidated city audits.

**FISCAL ANALYST:** Beverly Holloway

**PHONE NUMBER:** 232-9851

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill requires the State Board of Accounts to audit the City of Indianapolis and the Marion County Capital Improvements Board. It allows these entities to engage private examiners to perform an audit of the entities.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** (Revised) The current statute allows the City of Indianapolis to hire an internal auditor, an independent certified public accountant, or both to examine the books and records of the City in lieu of an audit by the State Board of Accounts.

This bill would require the State Board of Accounts to conduct examinations of the books and records of the City of Indianapolis and the Marion County Capital Improvements Board. It is estimated that the State Board of Accounts would need to hire three individuals to perform these duties. The estimated cost (salaries, fringe benefits, indirect costs, and mileage) for the three individuals is \$172,967 FY 2000 and \$173,517 FY 2001. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The December 1998 manning table shows that the State Board of Accounts has 323 authorized positions of which 17 are vacant. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

**Explanation of State Revenues:** IC 5-11-4-3(d) provides that each taxing unit shall be charged at the rate of \$30 per day for each filed examiner or employee of the State Board of Accounts who is engaged in making examinations. Fees are deposited in the state General Fund.

**Explanation of Local Expenditures:** (Revised) The City of Indianapolis has a contract with an independent certified public accountant to conduct the annual audit of the City's books and records. The most recent annual audit charged by the independent contractor was \$195,000. This bill would no longer allow the City of Indianapolis to only use an independent certified public accountant for annual audits but requires the City of Indianapolis to also be audited by the State Board of Accounts. The City of Indianapolis would pay \$30 per day for each State Board of Account field examiner or employee who conducts an audit of the City. The fiscal impact of this bill is indeterminable and dependent on the number of days it takes the State Board of Accounts to conduct the audit. The provisions of this bill apply to audits and for the fiscal years beginning after December 31, 1999.

This bill allows the City of Indianapolis and the Marion County Capital Improvements Board to continue to hire an internal examiner or independent certified public accountants to conduct an audit, other than the required annual audit, of these entities if needed. The fiscal impact of this provision is indeterminable and dependent on local action.

**Explanation of Local Revenues:**

**State Agencies Affected:** State Board of Accounts.

**Local Agencies Affected:** City of Indianapolis; Marion County Capital Improvements Board..

**Information Sources:** Mike Fiweck, State Board of Accounts, (317) 232-2514. Ann Lathrop, Indianapolis City Controller, (317) 327-4310.